

# FORTUNE

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## Ford's disappointing quarter to be offset by a better rest of the year, CEO says

By Doran Levin

**FEWER TRUCKS TO SELL MEANS LESS-THAN-OPTIMAL PROFIT. BUT CEO MARK FIELDS SAYS RESULTS WILL IMPROVE IN THE SECOND HALF OF THE YEAR.**

Ford is heaping outside prospects on its financial results for the rest of the year, after missing analysts' expectations in the first quarter.

Production of the automaker's show horse, the new F Series pickup truck, is accelerating on plan, but the pace of assembly for the two F Series assembly lines at U.S. plants in Dearborn, Mich., and Kansas City, Mo., won't be up to full speed until later in the year.

Since the F Series truck accounts for 90% of Ford's global profit by some estimates, fewer trucks to sell means less-than-optimal profit.

"The action on profit will be skewed toward the last half of the year," said Bob Shanks, Ford executive vice president and chief financial officer, in an interview with Fortune. Moreover, he said, new Asian assembly plants and a version of the Ford Explorer SUV and other models will help the automaker's results.

Mark Fields, CEO of Ford, has predicted that Ford's 2015 pre-tax profit will be as much as 50% greater than last year. In a statement on the latest quarter's results, Fields said: "The first quarter was a good start to a year in which our results will grow progressively stronger as the new products we have been launching start to pay off. We are re-confirming that 2015 will be a breakthrough year for Ford."

None of this is surprising for investors and other stakeholders in the No. 2 U.S. automaker in sales. Since deciding to build the new F Series with an aluminum — rather than a steel — body that's typical

for pickups, the company has known — and warned — that the short-term impact on its earnings would be negative.

The payoff, Ford hopes, will be continued leadership in a market category that also happens to be most important for its arch-rival General Motors, as well as for Fiat Chrysler. The F Series has been the top-selling vehicle model of any kind in the U.S. for 33 straight years. Premium versions, laden with leather and high-tech gadgets, sell for \$50,000 and more, yielding pre-tax margins of more than 20%. ...

... "Since the recession, Ford has been spending on technology and expansion overseas in key markets. This year, these risks will start to pay off," David Kudla, CEO of Mainstay Capital Management in Grand Blanc, Mich., said in a report in Automotive News.

"We believe the new model launches around the world, particularly with the ramp-up of the F-150, are beginning to take effect and will provide a much needed jumpstart to the stock's performance this year," he said. ...